

Message Text

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63

ACTION ARA-17

INFO OCT-01 ADP-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 INRE-00 SSO-00 AGR-20 RSR-01

/112 W

----- 045545

O R 252230 Z MAY 73

FM AMEMBASSY MANAGUA

TO SECSTATE WASHDC IMMEDIATE 1619

INFO AMEMBASSY GUATEMALA

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E. O. 11652: N/ A

TAGS: EFIN NU

SUBJ: STATUS OF OFFICIAL LOANS FROM COMMERCIAL BANKS

JOINT STATE/ AID MESSAGE

AID/ W FOR

CULBERTSON NICARAGUAN DESK

GUATEMALA FOR ROCAP JOEL

FOLLOWING IS THE KWATUS OF LOANS FROM COMMERCIAL BANK
SOURCES TO OFFICIAL GON BANKS SINCE THE DECEMBER 1972
EARTHQUAKE:

A. IN EARLY FEBRUARY, FINANCE MINISTER AND PRESIDENTS
OF CENTRAL BANK AND NATIONAL BANK VISITED THE US AND
ARRANGED A \$100 MILLION PACKAGE OF RE- FINANCING (\$60 MILLION)
AND NEW LOANS (\$40 (MILLION) FROM BANK SYNDICATES HEADED
BY WELLS FARGO AND MANUFACTURERS HANOVER TRUST (SEE
MANAGUA 1055). FROM THAT PACKAGE, THE CONSTITUENT
ASSEMBLY IN APRIL APPROVED THE NATIONAL BANK COMPONENT
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OF \$40 MILLION FROM THE WELLS FARGO CONSORTIUM OF WHICH \$30 MILLION IS RESCHEDULING (SEE MANAGUA 2020). FINAL ARRANGEMENTS FOR THIS LOAN ARE EXPECTED TO BE COMPLETED THIS WEEK. REGARDING THE REMAINING \$60 MILLION COMPONENT, MANUFACTURERS HANOVER REPS TOLD EMBOFF MAY 24 THAT THE CENTRAL BANK HAD DECIDED TO " HOLD OFF" ON THAT LOAN WHILE IT RECONSIDERED ITS NEEDS. THE CENTRAL BANK REPORTEDLY TOLD MANUFACTURERS HANOVER THAT RISING RESERVE LEVELS WERE CAUSING SOME CONCERN AMONG INTERNATIONAL LENDING AGENCIES IN WASHINGTON.

B. ALSO

ON MAY 24, GENERAL SOMOZA CONFIRMED TO AMBASSADOR EARLIER PRESS REPORTS THE GON HAS CONCLUDED A \$40 MILLION

LOAN FROM A BRITISH CONSORTIUM, HEADED BY MARRILL LUNCH- BROWN SHIPLEY BANK. THIS LOAN REPORTEDLY IS FOR SEVEN YEARS WITH A THREE AND ONE HALF YEAR GRACE PERIOD AT THE REGULAR EURODOLLAR RATE PLUS AN UNSPECIFIED FEE. ACCORDING TO THE GENERAL, THIS LOAN IS PARTIALLY A ROLL- OVER (AMOUNT UNSPECIFIED) WITH THE REST GOING TO INFONAC, THE NATIONAL HOUSING BANK (FOR MIDDLE AND UPPER CLASS HOUSING) AND THE NATIONAL BANK (FOR EXPANSION OF CATTLE PRODUCTION AND IRRIGATION). THE GENERAL STATES THAT THESE AREAS WOULD MEED REQUIREMENTS, PARTICULARLY OF THE PRIVATE SECTOR, NOT ELIGIBLE FOR INTERNATIONAL AGENCY FINANCING.
SHELTON

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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